TO BE OR NOT TO BE: HOW FAMILY FIRMS MANAGE FAMILY AND COMMERCIAL LOGICS IN SUCCESSION

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We draw on the institutional logics perspective to understand different approaches that family firms can use to manage the process of succession. Based on the analysis of 21 case studies of family firms in Germany, we identify four different ways of managing potentially conflicting family and commercial logics that are associated with four different succession processes. Our findings contribute to the family firm literature by improving our knowledge of the heterogeneity of family firms and by explaining different ways that the family logic can influence firm behavior. Moreover, we contribute to institutional theory by showing the importance of filtering mechanisms for organizations that must respond to coexisting logics.

"Family firms combine all the tensions of family life with all the strains of business life, and at no moment do both sorts of stress combine so forcefully as at that of generational change." (*The Economist*, 2004, p. 69).

INTRODUCTION

Family-owned and managed firms are an example of organizations that are constantly exposed to competing multiple institutional logics; they are continually guided by family and commercial logics, since the institutional spheres of the family and the firm commonly overlap (Greenwood, Diaz, Li, & Lorente, 2010; Kraatz & Block, 2008; Leaptrott, 2005). Logics, such as the family and commercial (market) logic, are important theoretical constructs because they provide a meaningful way to understand norms, values, and goals that define appropriate behaviors and thereby give meaning and legitimacy to institutional actors (i.e., individuals and organizations) (Thornton, Ocasio, & Lounsbury, 2012). A family logic encompasses family norms, values, and goals that guide behavior, while a commercial logic encompasses norms, values, and goals of efficiency, profits, and market status that guide behavior. When family firms are faced with stressful circumstances, such as succession from one generation to the next, tensions between family and commercial logics are likely to flare, nurturing conflicts, undermining organizational performance, and increasing the likelihood of organizational failure (De Massis, Chua, & Chrisman, 2008; Le Breton-Miller, Miller, & Steier, 2004). As many family firms fail in periods of succession due to devastating conflicts, it is important to investigate how responses to potentially competing logics can be managed. According to institutional theory, organizations are constantly influenced by societal logics that organize and guide firm behavior (Friedland & Alford, 1991) but they are challenged in their choices of behaviors when they are exposed to two or more logics that are, or appear to be, impossible to reconcile (Greenwood et al., 2011).

Competing institutional logics provide organizations with strategic alternatives for how to behave. Organizations usually comply with the logic most closely associated with the institution they depend on for resources and legitimacy (Kraatz & Block, 2008; Lounsbury, 2007; Pache & Santos, 2010). However, recent research suggests that when organizations face competing logics of two or more institutions on which they are equally dependent, they can suffer from conflicts and become paralyzed in terms of how to proceed, thus undermining performance, legitimacy, and continuity (Raaijmakers, Vermeulen, Meeus, & Zietsma, 2014; Thornton et al., 2012).

The family firm literature has shown that family and commercial logics coexist in family firm decision-making (Greenwood et al., 2011; Melin & Nordqvist, 2007; Ward, 1987), although these logics can clash, especially in regards to difficult decisions surrounding succession (De Massis et al., 2008; Melin & Nordqvist, 2007). In such situations, the management of coexisting logics can be essential to firm survival. Although research suggests that family firms can manage family and commercial logics differently (Chrisman & Patel, 2012; Ward, 1987), there is very little knowledge so far about these different approaches and their consequences. We therefore ask the following research questions: 1. How do family firms approach family and commercial logics in times of succession? 2. How do their responses affect succession outcomes? To address these questions, we conducted a comparative case study of 21 family wineries in Germany that were approaching succession.

Our study makes three contributions. First, we contribute to family firm research in general and the literature on institutional theory in family firms in particular by identifying four approaches that family firms use to manage coexisting family and commercial logics as succession becomes imminent: the interwoven approach, the selective approach, the commercial approach, and the detached approach. We also show different succession outcomes associated with each approach. In the "interwoven approach," family and commercial logics are tightly integrated; successful transfer to the next generation was achieved or in progress in all firms that used this approach. In the "selective approach," firm behavior is guided by a family logic only when that logic is not in conflict with a commercial logic. The firms that employed this approach successfully transitioned to the next generation, as well. In the "commercial approach," firm behavior is guided by a dominant commercial logic with almost no consideration of the family logic. Firms in this category were sold or in the process of being sold, allowing for continuity of the businesses but ending family ownership. In contrast, in the "detached approach," intergenerational disagreement on how to approach competing logics paralyzed the succession process, threatening firm survival. Identifying these four approaches is important because they show how family firms can respond differently to family and commercial logics, shedding light on the heterogeneity of family firms.

Second, we contribute to the family firm literature by showing different aspects of the family logic and potential implications for family succession. Our qualitative analysis suggests that families can pursue "family continuity" and "family unity" as part of the family logic. We show that family firms are successfully transitioned to the next generation when these two themes are pursued moderately (e.g., the selective approach) or strongly (e.g., the interwoven approach), but we note that family firms focusing on family continuity without paying attention to family unity (e.g., the detached approach) seem to suffer from serious intergenerational conflicts, threatening the firm's succession and continuity. As a result, we suggest that consideration of family unity might be not only an important family goal, but a particularly important factor in the transfer of firm ownership and leadership across generations.

Third, we contribute to the literature on institutional logics by showing that firms within the same field can draw on the same institutional logics in different ways. Previous research suggests that organizations find ways to respond to seemingly permanent situations of coexisting and competing logics (e.g., Pache & Santos, 2010; Reay & Hinings, 2009; Thornton et al., 2012); however, there has so far been little attention to the mechanisms by which firms manage competing logics in order to prevent intraorganizational conflicts and paralysis. Our empirical findings extend Greenwood et al.'s (2011) suggestion that organizations employ filtering mechanisms – a theoretically important but underdeveloped concept – to manage competing logics. According to these researchers, filtering mechanisms are organizational attributes that shape the way that organizations perceive and then respond to institutional logics. We identify *family culture* and *leadership style* as filtering mechanisms situated between the family logic and organizational responses to this logic. By highlighting the relevance, characteristics, and functioning of these two filtering mechanisms, we improve understanding of how family firms can avoid conflicts that impede succession and threaten firm continuity.

The remainder of the paper is structured as follows: We provide a short summary of current theory regarding institutional logics and explain how these logics can contribute to our understanding of family firms. Then we describe our research setting and methodology. Finally, we present and discuss our findings before concluding the paper.

INSTITUTIONAL LOGICS AND FAMILY FIRMS

Multiple Logics and Organizational Approaches

Within the institutional logics perspective (Thornton et al., 2012), scholars presume that behavior is shaped by "the central institutions of the contemporary West—capitalist market, bureaucratic state, democracy, nuclear family, and Christian religion" (Friedland & Alford, 1991, p. 232). Each institution has a central logic (Alford & Friedland, 1985), sometimes referred to as a "higher-order logic" (Thornton, 2002). Institutional logics are "socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules" (Thornton & Ocasio, 1999, p. 804). Organizations respond to logics to give meaning to their behavior and existence. Of specific interest for our research is the idea that competing logics offer organizational actors choices on how to respond (Kraatz & Block, 2008; Lounsbury, 2007; Pache & Santos, 2010; Thornton et al., 2012). Although earlier institutional studies focused on understanding the role of one dominant logic, more recent work gives attention to multiple, coexisting logics and the ways that organizations can respond (e.g., Greenwood et al., 2010; Reay & Hinings, 2009).

Kraatz and Block (2008) proposed that organizations can systematically differ in their approaches to competing logics. They suggested that organizations strategically choose among various trade-offs to satisfy competing logics. In support of this claim, Greenwood et al. (2010) showed that family and Christian religion logics shape the employment practices of small Spanish family firms more strongly than the market logic shapes these practices, because family firms downsize to a lesser extent during economic downturns than do other firms. Although research shows that family firms are exposed to competing family and commercial logics, and that they might differ from other firms in their approaches to these logics (Chrisman & Patel, 2012; Greenwood et al., 2010), we still lack understanding about the mechanisms for managing these competing logics.

Organizational Filters and Competing Logics in Organizations

Many organizations struggle to choose strategic behavior when they are exposed to competing logics. In such a situation, conflicts are likely to arise when the competing logics are equally important (Raaijmakers et al., 2014). The longer the duration of disagreement about how to approach multiple logics, the longer organizations fail to satisfy these logics (Greenwood et al., 2011; Thornton et al., 2012), fueling internal conflicts (Besharov & Smith, 2013). This raises important but as-yet unanswered questions concerning how some organizations identify, adopt, and maintain approaches to managing competing logics while others fail to do so.

Pache and Santos (2010, p. 459) suggested that "interorganizational dynamics" shape organizational attention and responses, since such dynamics influence the prevalence of institutional logics in organizations. They proposed that the strength of institutional logics in organizations and the preferences of decision-makers can differ and therefore affect how organizations approach competing logics. Greenwood et al. (2011) formalized this idea by proposing that organizational attributes shape the way that organizations perceive and respond to institutional logics. They suggest that interorganizational dynamics are one example of such attributes. However, Greenwood et al. (2011) do not show how filtering mechanisms help organizations respond to competing institutional logics that otherwise might sustain conflicts that could lead to organizational paralysis.

In summary, research on institutional logics lays out a framework to help us understand how and why organizations differ in the ways they manage competing logics. In essence, this literature suggests that competing logics can be regulated through filtering mechanisms, facilitating different organizational responses. However, research has yet to delve more deeply into whether and how organizations employ such filtering mechanisms.

Family Firms and Institutional Complexity

Family firm behavior differs from that of non-family firms because family firms must take into account the goals, norms, and values of the family in addition to those of the (commercial) firm (Lansberg, 1983; Ward, 1987). However, research is divided as to how responses to family logics affect the pursuit of commercial logics: two opposing perspectives have evolved.

According to the predominant perspective, opting to follow family rather than commercial goals, norms, and values is one of the weaknesses of family firms (Bertrand & Schoar, 2006). For instance, Gómez-Mejía and colleagues (2007) suggested that family firms primarily employ socioemotional (affective) reference points in decision-making, thus paying attention to dynastic control at the expense of ongoing financial performance. Other researchers show, too, that family goals are regularly in conflict with commercial goals (e.g., Block, Miller, Jaskiewicz, & Spiegel, 2013; Gómez-Mejía, Cruz, Berrone, & De Castro, 2011). In a similar vein, academics drawing on institutional theory show that firms make trade-offs between family and commercial logics. Greenwood et al. (2010) connected a family logic in small Spanish family firms to more consistently continuous employment in these firms, while Miller, Le Breton-Miller, and Lester (2011) associated a family logic in American family firms with more conservative growth plans. In both studies, firm behavior guided by a family logic impaired the pursuit of a commercial logic.

By contrast, the second perspective maintains that family firms can leverage family norms, values, and goals to benefit their performance and competitiveness (Habbershon &

Williams, 1999; Nordqvist, 2005; Sieger, Zellweger, Nason, & Clinton, 2011; Zellweger & Nason, 2008). For instance, Sirmon and Hitt (2003) proposed that family norms introduce a longer-term horizon in family firms, which enables these firms to focus on more profitable long-term projects. Related studies proposed that a family logic can be integrated with a commercial logic and thereby improve rather than harm firm performance (Miller & Le Breton-Miller, 2005).

In summary, research shows that when faced with family and commercial norms, values, and goals, the response of family firms regularly includes attention to family. However, there is disagreement in the literature as to whether a family logic opposes or reinforces a commercial logic. One reason for the inconclusive results might be that most research has considered family firms to be relatively homogenous. And yet, a growing stream of research recognizes that family firms are in fact heterogeneous in their practices, suggesting that family and commercial logics can be managed differently within different family firms (Chrisman, Chua, Pearson, & Barnett, 2012; Chrisman & Patel, 2012; Chua, Chrisman, & Sharma, 1999).

Heterogeneity in the Pursuit of Family and Commercial Logics in Family Firms

It is increasingly viewed as problematic to place all family firms into a single category, because family firms display significant diversity across a number of dimensions (e.g., Chrisman et al., 2012; Chrisman & Patel, 2012; Miller et al., 2011; Stewart & Hitt, 2012). For instance, Ward (1987) observed that some family firms follow the “business first” policy and that others make decisions based on the “family first” policy. Similarly, Chua et al. (1999) argued that, independent of the strength of family involvement in family firms, these firms differ widely in their strategic intentions and goals. And Chrisman et al. (2012) showed that families that focus on the family goal of passing their firms on to the next generation may simultaneously pursue other family goals that conflict with firm-performance goals. In summary, these studies suggest that family firms differ in the trade-offs they make between family and commercial logics.

Interestingly, not all family firms make such trade-offs; at least some are able to integrate family and commercial logics. Pérez-González (2006) found that publicly listed family firms that hire leaders from among family members with college degrees perform relatively better financially than those that hire leaders from among family without college degrees. And while large family firms underperform when the CEO is (by family norm) the eldest son of the previous owner, they perform significantly better when they consider family members other than the eldest son (Bloom & van Reenen, 2007). In summary, these studies suggest that family firms differ not only in how they trade off family and commercial logics but also in their ability to integrate these logics in their decisions. However, we still know little about why and how family firms differ in their approaches to these logics and how these differences translate into different organizational outcomes.

The growing number of studies that employ institutional theory in the context of family firms provide important insight into these questions (e.g., Leaptrott, 2005). Parada, Nordqvist, and Gimeno (2010) showed that family firm champions who are involved in professional associations implement changes to their firms' practices that are in line with the norms and values of these associations. As a result, the influence of field-level actors can help explain why some family firms approach competing logics differently. Melin and Nordqvist (2007) drew on institutional theory to explain how more general contextual pressures can lead family firms to adopt particular governance structures, processes, and policies, laying the foundation for compliance with commercial logics (see also Chrisman & Patel, 2012). In support of this claim, Miller, Lee, Chang, and Le Breton-Miller (2009) described how family firms operating in competitive sectors characterized by regular legitimacy challenges are more prone to comply with commercial logics. Together, these studies show that field-level actors (e.g., professional associations) and field-level contexts (e.g., industry, region) can exert isomorphic pressure on family firms to adopt norms, values, and goals that comply with commercial logics. However, these studies do not explain why family firms within a given field differ in their responses to potentially competing family and commercial logics, nor the outcomes of those responses. To fill this gap, we focus on the context of succession, because tensions between family and commercial logics often surface as succession becomes imminent. Since theory on how family firms approach multiple logics is currently fragmented and incomplete, we engaged in a qualitative study to answer the following questions: 1. How do family firms approach family and commercial logics in times of succession? 2. How do their approaches affect succession outcomes?

METHODOLOGY AND DATA

Research Setting

To address these research questions, we conducted a comparative study of 21 family wineries in Germany that were approaching succession. In order to avoid extraneous variation, we targeted a specified population (Eisenhardt, 1989): the German wine industry. This setting provided us with an excellent context to study how family firms manage potential tensions between family and commercial logics. The wine industry is one of the oldest industries in Europe. The Romans brought wine-making knowledge to “Germania” 2,000 years ago. Today, Germany is home to more than 30,000 wineries that compete nationally and internationally (Gault & Millau, 2009). Given Germany’s high proportion of family ownership in firms, and because Germany is the largest importer of wines in the world and its wine market one of the most competitive (Deutsches Weininstitut, 2009; 2010), it is an excellent setting to study how family firms respond to commercial logics.

Similarly, the German wine industry is an appropriate setting to study how family firms respond to family logics. Most German wineries have been family-owned and managed for decades, some even for centuries. Historically, some family firms benefited from the legal form of the *fideikommiss*. The fideikommiss was a legal form established to maintain (rather than divide) the family estate by transferring ownership to the eldest son. As a result, passing the firm on to the firstborn son was institutionalized. However, the institutional environment changed at the beginning of the 20th century. In 1919, the law of fideikommiss was revoked for new companies and, in 1945, repealed for other companies (Beckert, 2007). As a result, after 1945, families gained the opportunity to determine the terms of succession for their firms.

Today, the majority of wineries in Germany are still family-owned and managed (e.g., Gault & Millau, 2009). However, the overall number of family wineries is declining (Gault & Millau, 2009; Johnson & Brook, 2009; "*Namen und Werte*," 2011). According to a German-government report, tensions between family and commercial goals often lead to the failure of firm transfer to either family or non-family owners, threatening firm continuity (Ministry of Economics, Transport, Agriculture, & Viticulture, 2010). This report shows that outgoing incumbents often exclude their families from firm decision-making, even though such behavior spurs conflicts within the family that, in turn, undermine the succession process. Despite these important observations, it remains poorly understood how and why family firms differ in their approaches to family and commercial logics and what each approach means for succession.

Case Study Approach and Case Selection

Due to the nature of our research question, we employed a multiple case study approach to compare and contrast different family firms (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Sieger et al., 2011; Yin, 1984). Case study approaches are commonly used to answer “how” questions and are appropriate vehicles to extend theory when existing research is underdeveloped (Eisenhardt & Graebner, 2007). Compared to single case studies, multiple case studies allow for more generalization, as theory development captures interorganizational differences (Graebner & Eisenhardt, 2004). Indeed, our multiple case approach was important in aiding our understanding of how family firms within one field—the wine industry in Germany—approach potential tensions between family and commercial logics as they prepare for succession.

Based on a literature review, we identified family and firm characteristics that were associated with heightened tensions between family and commercial logics. The following explains how we used these characteristics for theoretical sampling: 1. Family ownership has been correlated with the pursuit of family-centered, non-economic, socioemotional wealth goals that can oppose commercial firm goals (e.g., Chrisman et al., 2012; Gómez-Mejía et al., 2007). Similarly, firm leaders hired from within the family have been related to the pursuit of family goals that often harm firm performance (e.g., Chrisman et al., 2012; Miller, Le Breton-Miller, Lester, & Cannella, 2007). We consequently restricted our study to wineries that were fully family-owned and managed. By studying these wineries, we could exclude the possibility that non-family rather than family owners or managers shaped firm behavior. 2. We focused on non-founder-influenced family firms. Because lone-founder firms and family firms in which founders are still present focus more on commercial logics than family firms without founders, we considered firms that were in their third generation at minimum (Bloom & van Reenen, 2007; Davis & Harveston, 1998; Miller et al., 2007, 2011). The focus on multigeneration family firms also made it more likely that sampled firms had already chosen an approach to competing institutional logics—something that younger firms might still be working on. 3. We focused on the largest high-quality wine producers because these firms commonly export a significant share of their products, hire university graduates, employ sophisticated technologies to produce quality products, and are financially attractive for potential successors. Tensions between family and commercial logics should therefore be more pronounced in these family firms relative to smaller wineries (e.g., the requirement to hire industry specialists in order to be commercially successful might conflict with a family logic to advance family members who may be less qualified—Bloom & van Reenen, 2007; Pérez-González, 2006). 4. As a proxy measurement of the need for succession, we considered owner-managers who were at least 55 years old. We decided upon this age because two experts in the field of wine-making explained in interviews that the extensive travel of wine firm executives, their seven-day work schedules, and the diverse and physical nature of their work often lead to succession that starts as early as 55 years of age.

For our study, we selected all the wineries included in two editions (1994 and 2009) of the *Gault & Millau Wine Guide*, a publication that lists all large wineries in Germany. We also reviewed other guides for lists of German wineries in order to check and enhance our sample (e.g., Eichelmann, 2009; Johnson & Brook, 2009). Our initial data set comprised 54 family-owned wine estates that complied with our four identified family and firm characteristics; these firms all also belonged to the "Verband Deutscher Prädikatsweingüter" (VDP),[1] the Association of German Quality and Prädikat Wine Estates. The VDP is the major professional association in the field of German wine-making. Because all sampled firms were members of this association, they had been similarly exposed to the norms and values of this important field-level actor

[1] The VDP has nearly 200 members who, collectively, cultivate 4% of the German vineyard area. It is the only association that operates nationwide and is represented in all wine-producing regions in Germany (VDP, 2009).

(Parada et al., 2010). We then checked our selection with an industry expert to identify those wineries that were at that time facing succession, which reduced our data set to 45 firms.

Data Collection

To improve our access to the 45 firms, we collaborated closely with the aforementioned wine expert. Over a period of two years, we met and interviewed this expert, a member of the VDP, eight times. The expert helped us gain access to wine fairs, wineries, and other experts in the field. The expert also introduced us to owners of 12 of the 45 wineries at a major wine fair in Germany, where we conducted semi-structured interviews with eight of them; the remaining four owners were not willing to participate in our study. Following this, we created a mailing to contact the remaining 33 family wineries. The mailing was accompanied by a letter from our wine expert, emphasizing the importance of participating in our study on family firm longevity.[2] Of the 33 companies contacted, 13 agreed to be interviewed. Over a period of nine months, we conducted 37 interviews with 21 German family-owned and managed wineries. In most cases, we were able to interview both the current, incumbent owner-manager and a next-generation family member (potential successor).

In line with recommendations of Eisenhardt's study (1989), two authors conducted the first five interviews together to calibrate interview approaches and to attempt to control for interviewer bias. Later on, interviews were conducted individually by the authors. Each interview lasted 45–90 minutes. Using standard qualitative research methods, we followed a semi-structured interview guideline (e.g., Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Rynes & Gephart, 2004). The interviews began with five closed-ended questions about the age of the

[2] Throughout the entire data collection process, we took steps to minimize informant biases. We informed interviewees that we were running a study on longevity aspects of family firms rather than on succession. Moreover, to motivate participation, we promised confidentiality and the option to withdraw from participating in the study—even after completion of the interview. Fortunately, none of our interviewees withdrew their participation.

interviewee, the number of children s/he had, the firm founding date, the size of the vineyard acreage cultivated, and the firm's number of employees. Thereafter, we asked open-ended questions, since "open-ended questioning leads to higher accuracy in retrospective reports" (Graebner & Eisenhardt, 2004, p. 372). In particular, we asked interviewees to speak about: (a) the family firm and its decision-making logic; (b) the interviewee's view of the family firm (especially in regards to the approaching succession); (c) the family; and (d) the relationship between the family and the family business. Appendix 1 illustrates our interview guide.

All interviews with incumbent owner-managers and potential successors were recorded; these totaled more than 38 hours. The transcriptions of these interviews resulted in 695 1.5-line-spaced pages. Each interview was followed up with field notes that captured the interviewer's subjective impressions about the interview atmosphere and its dynamics. Moreover, after the completion of the initial interviews, we conducted 45 additional interviews with family members at their wineries, at the university campus of one of the authors, and via phone. These interviews were important to gather additional information, verify unclear previous statements, and receive updates on previously discussed family and winery issues. Although most of the additional interviews could not be recorded, detailed notes were taken and added to the cases. 1.5 to two years after the initial interviews, we verified the succession status for each firm.

In addition to interviews with family members from the 21 sampled firms, we conducted interviews with 11 industry experts who did not take part in our earlier research. These additional interviews helped us familiarize ourselves with the context of the wine industry in Germany (e.g., its history and challenges), gain expert opinions on topics that emerged during the research project, and verify or expand information and insights gained from our 21 cases. The interviews were conducted with three sommeliers, three wine traders, three winemakers from firms not included in our original 21 cases,[3] the president of the Association of German Quality and Prädikat Wine Estates, and a professor at a wine-making college. All interviews were conducted and transcribed in German before two of the authors, who are fluent in both German and English, made relevant translations into English.

Finally, we collected archival data. We analyzed information from annual wine guide publications, federal statistics on German wineries, government reports, tourism agency information on German wine regions, internet home pages of wineries, book and journal publications on wine topics, and publications by local and national wine associations. These sources were critical to providing context for our case studies and to gathering information about how the field of wine-making in Germany developed over time. We also used these sources to verify and expand on information that we gained from our interviews. Please refer to Appendix 2 for an overview of the archival sources used and their relevance.

Sample Representativeness and Description

When compared to data from the VDP and the Deutsches Weininstitut (German Wine Institute), our set of cases appeared to be representative of professional German wineries. The average professional German wine estate has 20 hectares of acreage (Verband Deutscher Prädikatsweingüter, 2009). In our cases, the mean estate size was 21 hectares. Further to the representativeness of our sample, our data set included cases from the six major wine-producing regions of Germany (Deutsches Weininstitut, 2009; 2010; Eichelmann, 2009); also, the wineries sampled grew varieties of red and white grapes (e.g., riesling, merlot) and produced various wine qualities. Whereas the wineries we studied exported, on average, about 40% of their annual production, the average professional German winery exported only about 33% of its annual production (Deutsches Weininstitut, 2009; 2010). Since we focused on wineries that were ranked

[3] These three winemakers initially did not want to be interviewed, but changed their minds the following year.

highly in terms of firm size and wine quality, this difference was not surprising, nor did we take it to affect the representativeness of our sample.

We anticipated that family firms that were facing succession challenges would be less willing to participate in our study, but as these firms were our focus, we worked hard to ensure their inclusion. If owners refused to be interviewed, we waited several months and then asked if they would reconsider being part of our project. As previously noted, three owners who initially refused to participate in our study later changed their minds. We conducted these interviews by phone or in person. However, we stopped collecting data on these new cases when we realized that they fit into the categories of approaches that had already emerged from existing cases. We thus concluded that we had reached a point of theoretical saturation (Eisenhardt, 1989; Eisenhardt & Graebner, 2007).

Based on our collected data, our 21 family firms appear representative of the 45 firms initially targeted. For a formal test of response bias, we collected data on the 24 firms that did not participate in our study. When comparing these firms to those included in our sample, we did not find significant differences with respect to firm size, region, generation, or vineyard size. In summary, we therefore believe that response bias is of minor concern in this study.

Our 21 case studies were diverse in terms of the controlling family's generation. The wineries were on average in their 11th generation, with firms ranging from third to 33rd-generation. Incumbent owner-managers of the 21 wineries were, on average, 59 years old. Four were female, while 17 were male. Moreover, incumbents varied in their family status; our group included those who were married, divorced, and parents to various numbers of children. In most cases, however, families still lived on the premises of the wine estate. This often included their retired parents, who usually continued to help out in the firm. Since family members and up to

30 seasonal workers are not considered as full-time employees in our data, the average of 7.5 full-time employees per firm underestimates the actual number of employees in each firm.

The potential successors were, on average, 31 years old. Ten were male and six female (five wineries had not identified a potential successor). Even though the majority of wineries eventually decided on a successor, firms differed strongly in their consideration of succession options and criteria for successors, and in how they made related decisions. A general overview of the cases — including firm, family, and succession characteristics, and the number of interviews with each family during the data collection process — is provided in Table 1.

Please Insert Table 1 Here

Data Analysis

We used NVIVO software to assemble and link different sources of data for each case before coding and analyzing data (Richards & Richards, 1994). Our analysis unfolded within and across cases and proceeded in the following four steps:

First, the authors read the transcribed interviews and archival sources for each case to ensure consistency in understanding. Two authors then engaged in open coding of text to capture family and commercial norms, values, and goals guiding firm behavior. We also coded family and organizational attributes that were related to firm behavior. One author coded in NVIVO, while the other one coded manually on the printed data sources. The coding was then compared, discussed, and challenged by a third author. When we disagreed, we discussed the particular code or we collected additional data to clarify context. Following Gioia, Corley, and Hamilton (2013), we then reduced the number of primary codes, as some were overlapping. At the end of this first step, we had a number of primary codes that summarized the factors that influenced firm behavior in general and succession in particular.

In the second step, we asked how the identified primary codes could help us understand family firm behavior during the succession process. We consequently compared our primary codes across cases and revisited the data multiple times using charts and tables to facilitate this comparison. This process of replication was important to avoid premature and misleading conclusions – a common concern in case study research (e.g., Eisenhardt, 1989; Yin, 1984). For instance, we developed chronological overviews to better understand how family and commercial primary codes shaped each succession process, and to comprehend how families and their firms differed along the process. A central procedure during this undertaking was "triangulation," which is the process of using different primary and archival data sources to inform emerging secondary codes, thus leading to richer, more reliable accounts that enhance the credence of our insights (Graebner & Eisenhardt, 2004). NVIVO software helped us in this process, since we could run queries to see how particular codes were associated within and across cases. Moreover, we verified emerging themes from interviews with: (a) evaluations of wine industry experts; and (b) archival data. At the end of this stage, we had generated secondary codes that summarized family and commercial logics as well as family and firm attributes that seemed to matter for organizational responses to these logics.

In the third step, we focused on how families simultaneously approached family and commercial logics across our cases. By using an iterative process, we distilled from the data the ways that the themes of family and commercial logics were combined to identify "within-group similarities coupled with intergroup differences" (Eisenhardt, 1989, p. 540; 1991). We went back and forth using different definitions of categories to group cases according to the ways that families approached family and commercial logics in their firms. This process helped us view each case from various perspectives (e.g., Eisenhardt, 1989; Eisenhardt & Graebner, 2007) and led to the identification of four different approaches to family and commercial logics.

In the fourth and final step, we analyzed how the different firm and family attributes that we previously identified were related to these approaches. A crucial moment occurred when we realized that shared family norms, values, and goals within the family (family culture) and the extent to which family members were involved in the firm's decision-making (leadership style) helped explain how family firms responded to a family logic. Together, the identified filtering mechanisms and approaches also appeared to add a valuable dimension for grouping our cases and describing their differences – including succession outcomes. In the following, we present our findings based on this grouping.

FINDINGS

Family Logics and Commercial Logics

We were guided in our coding of family and commercial logics by the ideal types of the institutions of family and market that Friedland and Alford (1991) and Thornton et al. (2012) describe. We define a "family logic" as the commonly held norms, values, and goals that guide firm behavior and aim at fulfilling family interests. We coded text as illustrating a family logic when firm behavior was influenced by considerations of the family or its members. Our analysis suggests that the family logic comprises the themes "family continuity" and "family unity," both of which encompass several sub-themes. The theme of family continuity encompasses the following sub-themes: *family as value*, *family tradition,* and *family seniority*. These sub-themes indicate how family members support the endurance of the family as an institution. The sub-theme *family as value* indicates that upholding the family as an organization is important. The sub-theme *family tradition* indicates that long-held family values, norms, and goals guide decision-making. For example, in one case study, a family member pointed out that family tradition was important for the family firm and therefore had to be considered in succession:

"Our family history dates back 1,000 years.... ... In a situation like this, no one dares to abandon the family tradition by not joining the family business. Family tradition is very important to my son, as well...." (Case 4, older generation)

Finally, *family seniority* refers to organizational decisions that support or are based on senior family member status.

The second theme of a family logic, "family unity," encompasses the sub-themes *family time*, *family relationship quality*, and *family stewardship*. Firm behavior that adheres to these sub-themes focuses on limiting friction and bolstering cohesion among family members. The first sub-theme, *family time*, summarizes how regular interaction between family members –such as at family and firm events and celebrations – are considered to be important for the family firm. *Family relationship quality*, the second sub-theme, summarizes how solving conflicts and limiting friction among family members is deemed important. One firm leader, for instance, explained that good relationships among family members were of great relevance so that the family could act with one voice and thus contribute to the success and continuity of the firm:

"In the end, the success of the family firm depends on how well family members can work together, and this boils down to the question of how well they get along personally, how good their relationships are. It is only when they have good relationships that family members can act in concert and for the family firm. It is not a secret that without the commitment of each family member, family firms would not survive for long [because they would falter at succession]. ... When you establish a successor, you have to know that s/he will be committed." (Case 20, older generation)

Finally, *family stewardship*, the third sub-theme, summarizes how efforts to keep the family together are relevant to a firm. Table 2 illustrates our data structure for a family logic.

Please Insert Table 2 Here

We define a "commercial logic" as commonly held norms, values, and goals that guide firm behavior with the aim of improving efficiency, profits, and market status (Friedland & Alford, 1991; see also Thornton et al., 2012 for an excellent review). We therefore coded a decision or behavior as being guided by commercial logic when the reasons for the decision or behavior concerned organizational efficiency, profits, or market status. The first theme, "efficiency and profits," encompasses the sub-themes *rationalization* (i.e., reorganization of operations with the goal of increasing efficiency), *automatization* (i.e., replacement of manual labor/ processes with machine labor/ processes), and *economies of scale* (i.e., cost efficiencies due to the scale of operations). For instance, *rationalization* was often mentioned as a way to improve organizational efficiency and/or profits:

"During the harvest, I send the employee who is responsible for the vineyards on holidays. I don't need him during that time. All I need is a Polish worker who can drive the tractor straight. The employee who is usually responsible for my vineyards can work during the harvest in another winery. It's a good solution: he earns good money there and, with his big salary, is off my payroll for that time." (Case 21, older generation)

The second theme, "market status," encompasses the sub-themes *product differentiation* (i.e., distinguishing products from those of competitors) and *relationship marketing* (i.e., promoting the firm in ways that value and strengthen the bond with its customers), which aim to improve the firm's competitive position. For example, differentiating one's products was often mentioned as a way of enhancing the market status of the winery and its products:

"Compared to our competitors, we have created very good-quality products over the last five to 10 years. The large investments of the 1990s have contributed significantly to our success in the market. We did not feel the crisis. We are doing well financially because the investments that aimed to enhance the quality of our products have paid off. … When you think about a family business, you have 30–35 years to shape and grow the firm [before you hand it over to the next generation]." (Case 12, older generation)

Table 3 summarizes our data structure for a commercial logic:

Please Insert Table 3 Here

Responses and Filtering Mechanisms to Family and Commercial Logics

Based on our analysis of firm behaviors, we realized that family firms differed significantly in their responses to family and commercial logics as they neared succession. Overall, we identified four different approaches: interwoven, selective, commercial, and detached. Our analysis further suggests that each approach was associated with attributes of two filtering mechanisms that regulated the firm's exposure to a family logic.

The first filtering mechanism is *family culture*. In accordance with the definition of organizational culture, family culture is defined as the coalescence of discrete behavioral norms and cognitions shared by all family members and distinct from those shared within other families (e.g., Lehmann, Chin, & Schaller, 2004). As family culture is socially constructed, it is intertwined with interpersonal communication and interaction (Poza et al., 1997). In our cases, a cohesive family culture – indicating shared family values and norms, plus communication within the family – enhanced the exposure to and consideration of a family logic in the family firm.

The second filtering mechanism, *leadership style*, similarly influenced the exposure to and consideration of a family logic in firm behavior. We define leadership style as the way that organizational decision-makers manage a firm, motivate its employees, and make decisions (e.g., Eisenhardt & Bourgeois, 1988; Sorenson, 2000). We find that the type of leadership style has a large impact on the way family firms consider a family logic. For instance, a more egalitarian leadership style led to stronger exposure to and consideration of a family logic than did an authoritarian leadership style. In the following, we provide examples for each of the four approaches and the two filtering mechanisms. We also present how the four groups of family firms that we identified proceeded with the succession process.

The Interwoven Approach

In the "interwoven approach," both family and commercial logics influenced firm behavior, since they were considered to be two sides of the same coin. Both of the themes attributed to a family logic – family continuity and family unity – were viewed as important, and firm behavior reflected attention to both. The simultaneous response to family and commercial logics was possible because families pursuing the interwoven approach integrated these seemingly competing logics with the help of both of the filtering mechanisms, family culture and leadership style. Family firms were able to integrate the two logics in these cases because the leadership style was egalitarian:

"Important decision are always made together as a family—usually at the kitchen table." (Case 15, older generation*)*

The leader included the larger family in decision-making, which in turn enabled the family firm to draw on the resources of the larger family. Interviewees told us that they could count on the availability and commitment of the extended family to help out in the family firm during the harvest season, at wine fairs, and at wine-tasting events, which benefited the family and the firm in the long-term. In addition to the egalitarian leadership style, a cohesive family culture was common among family firms that had adopted the interwoven approach:

"Topics that are important to us [as a family] are cohesion, love, and acceptance, which support mutual respect and a tolerance of differences. … I think that these values have been imprinted on our children and on us as a family for generations." (Case 8, older generation)

A cohesive family culture contributed to the integration of family and commercial logics in these firms because it included shared family norms and rules that guided family behavior. In all cases, this type of family culture included a transgenerational perspective, such that families did not worry about short-term friction as long as the competing logics could be aligned in the long-term. For instance, several family firm owners explained that they invested in the firm to improve its efficiency and market position even though only their grandchildren would reap the financial benefits of these investments:

"We are restructuring the acreage by standardizing the width between the rows of plants. We took out very old vines and replanted them. This is an ongoing process. Over the next years, there is going to be a massive transformation of the entire firm to improve the quality of our products and our competitiveness. … It is the time to invest, though it costs us [the family] a lot financially. … The return on investment won't happen in my generation, but we do it [invest] now so the winery will be able to support the entire family in the next generation." (Case 8, younger generation)

Moreover, family member roles, duties, and responsibilities in the firm were grounded in this cohesive family culture and were therefore generally accepted, preventing conflicts and opportunism. In all cases, the eldest son was set as the successor. However, the potential successor also had to meet high personal, educational, and work standards as a precursor to assuming leadership. And after succession, he was expected to grow the firm and take care of the family before ultimately transitioning the firm to his own eldest son. All eldest sons worked hard to comply with institutionalized family rules:

"I knew very early on that I would succeed in the wine business one day. … First, I went for an apprenticeship in wine-making, and after that, for a second apprenticeship [in another firm] for [firm-owner's name]. In order to finally study wine-making at the most renowned applied university, I also had to get my high school degree … The firm has been in family ownership for many decades and I feel obliged to continue the firm and support the family members who cannot work anymore." (Case 4, younger generation)

After the successors graduated from college and accumulated diverse work experience in other wineries around the world, they returned as well-respected successors to their family firms. All of these firms successfully managed the transition (or were in the process of transitioning) to the eldest son.

The Selective Approach

In the "selective approach," the family logic influenced firm behavior, but only at specific times. Incumbent owner-managers in these firms considered the firm to be a family firm, preferred the continuity of the family firm over the firm's sale, and firmly believed that customers appreciated buying wines from a family firm. However, at the same time, they behaved in ways that suggested that a family logic was key to the proper functioning of the family, but not necessarily to the success of the firm. As a result, these firms were guided by a family logic only when it did not conflict with a commercial logic:

"The family that is involved in the business is different from the private family. … You have to adjust to the [needs of the] business and you will have less time for your private family. … Sometimes it is good to focus on your work and to keep it separate from other family members. And then it is also good and important to get together at family celebrations from time to time. … However, if I had thought that this and other issues would be a problem, I would not have joined the firm and become the successor." (Case 13, younger generation)

In line with their approach, these family firms had filtering mechanisms in place that regulated the family logic in the firm. While the cases that followed the interwoven approach shared a cohesive family culture, the family culture in the selective approach was balanced, meaning that it did not support too much closeness. However, it did not lead to disengagement, either (Olson, Sprenkle, & Russell, 1979). For instance, these families functioned well but did not follow a transgenerational perspective or family rules, reducing the legitimacy of a family logic in the firm's decision-making. Moreover, the leadership style was consultative in these cases – a few other family members were often consulted, but in the end, incumbent owner-managers made decisions on their own. This leadership style made it possible for them to make decisions that aligned with the commercial logic (while allowing them to ignore the family logic when it conflicted with the commercial logic). This behavior was accepted by other family members, because family and firm were not one but two loosely coupled entities:

"My son [the CEO] makes the final decisions. Sometimes these decisions are against my convictions, but I have to accept them in the end. I would not have given him the responsibility to [succeed me and] lead the firm if I did not know that he is focused on enhancing product quality, that he knows how to improve the status of the winery and how to save money in the firm, and if I did not know that he is very hardworking." (Case 13, older generation)

The selective consideration of a family logic – that is, when it did not compromise a commercial logic – was also visible in decisions about succession: Incumbents preferred a family successor but did not push their children to succeed, as they would not accept trade-offs between family and commercial logics:

"My wife and I, we always said that we produce wines because we enjoy it. It's not a problem if our daughter doesn't want to do it. … This is my dream. It doesn't have to be hers. … If my daughter decides to pursue other interests, the sale of the business would be an option. Although this winery has always been the fulfillment of my dreams, I would rather sell the business than have it run down [by the next generation] because of ignorance." (Case 11, older generation)

Members of the younger generation who were interested in succeeding their parents decided to pursue relevant education and practical experience. All five firms pursuing this approach successfully transferred ownership to the next generation (but not necessarily to the eldest son). This approach consequently supported family firm continuity.

The Commercial Approach

In the "commercial approach," incumbent owner-managers were strongly guided by the commercial logic in firm behavior. Neither family continuity nor family unity was considered relevant in the context of firm behavior:

"I have never been such a strong family person… .[Except my mother,] all my relatives are crap. The most important thing is that they do not get a cent [when I sell the firm]. Within this business, I take care of everything—of everything." (Case 21, older generation)

In the commercial approach, filtering mechanisms were used to minimize the prevalence of a family logic in the firm to the extent that it was not visible: the family culture was conflict-laden; dysfunctional family relationships had eroded family norms and values. As a result, family members were cut off from each other and from the family firm, which minimized the introduction of a family logic into the firm. Second, incumbents' leadership styles were authoritarian, which enabled them to ignore a family logic:

"I experienced a lot of fights in my family when I was young, especially with respect to inheritance issues [surrounding succession]. My children would probably say, if you asked them and they were brave enough to answer, that I am quite authoritarian. Everything has gone quite according to my wishes [in the family and the firm]. The winery meant a lot to me and they [family members] also realized that I would make it work. I do not have to talk about absolute numbers, but I managed to pay back all [the firm's] debt and make a huge profit. The proceeds from the sale of the firm made a big difference and allowed me to end my career in the firm on a very positive note." (Case 17, older generation)

A side effect of the filtering mechanisms that were associated with this approach was that potential family successors did not exist. Although two of the incumbents had in the past considered family succession as an option, they ultimately decided to sell their firms when they began to question whether any one of their children could run the firm effectively:

"I have sold the business. My children weren't interested [and suited to succeed me]. … They are all focused on raising my grandchildren. And my son became a computer scientist. He had ideas and ambitions that gave me allergic reactions. It [family succession] would not have been easy, and did not happen." (Case 17, older generation)

In three cases, the incumbent owner-managers were older than 60, but they had not yet started to look for buyers. In the other two cases, incumbents were in the process of selling their businesses to non-family owners. Since three out of the five incumbents were able to sell their firms in the following years, the commercial approach supported the continuation of the business – but without continued family ownership and leadership.

The Detached Approach

Finally, we identified the "detached approach," where we saw that family firm decisions were made with consideration of both family and commercial logics, but where each was considered independently of the other. Family members determined the relative importance of each logic based on their own personal value sets, but could not come to an agreement on an approach. In the end, incumbent owner-managers focused on a primary commercial logic and a secondary family logic. Although they pursued family continuity, they neglected family unity.

For instance, they demanded that the next generation take over the firm on their (i.e., the incumbents') terms, but none of the incumbents accounted for the needs of the next generation nor shared good relationships with it:

"The children should simply be realistic and deal with us reliably. They should avoid overblown emotions that prevent them from seeing the firm's essential needs. ... Emotions prevent solutions to problems. … We have to explain to them how to recognize organizational realities. We need to lead them in the firm so they can recognize the right direction for the organization.… The family firm is my life. Although I have not yet found a solution for succession, I will continue to grow the family firm." (Case 1, older generation)

In contrast, family members within the younger generation primarily accepted their own family logic and only secondarily a commercial logic. Thus, family succession was a possible option for them, but only if it overlapped with their own family logic – for example, if it allowed their partners to pursue their careers in the same region. In contrast to the older generation, the younger generation did not care much about family firm continuity. The sale of the business, although painful, was considered a viable option:

"My sister and I, we haven't yet decided if and how we will deal with succession … It would be nice to live here, as it would enable me to raise my children the way I grew up…. If you are not self-employed this way, raising children wouldn't be possible…. But if it wasn't possible to combine it with my husband's work and I had to choose between the winery and my own core family, I would choose my own core family." (Case 1, younger generation)

Filtering mechanisms minimized the prevalence of a family logic in these firms. The family culture was disjointed across generations: differing family norms and values limited the consideration of a family logic in the firm because the generations were distant from each other:

"My cat is my family [interviewee laughs]. I was very influenced by the close family ties to my grandparents. I had a great relationship with them and to this day still like to remember how close we were. This closeness is something that my daughters [and I] have never experienced." (Case 3, older generation)

To block the introduction of next-generation members' ideas in the firm, incumbent owner-managers led firms in an authoritarian manner. This leadership style not only prevented potential successors from succeeding in the family firm, but also made incumbents unwilling to step down – which paralyzed the succession process and endangered the continuity of the firm:

"I inherited the business because I was the son of my father…. I have four children: three sons and one daughter, who is the youngest…. There was a time when my [eldest] son wanted to go into the business, but I wasn't willing to hand it over yet. So he decided to go for a different career…. The day I hand over the business to my daughter will be defined by fate, when I physically and mentally am not able to continue the business any longer." (Case 7, older generation)

Recently, despite being close to his 80th birthday, this incumbent had still not considered stepping down. Two years after we conducted our initial interviews, none of the four family firms following the detached approach had implemented a succession process, while disparities across generations remained numerous. Table 4 summarizes our findings; Table 5 provides an overview of exemplar quotes from four cases that represent the four approaches we identified.[4]

Please Insert Tables 4-5 Here

DISCUSSION

Previous research suggests that organizations develop strategies to manage coexisting and competing logics so they can meet the norms, values, and goals of institutions they depend on most for legitimacy and support (e.g., Greenwood et al., 2011; Kraatz & Block, 2008; Pache & Santos, 2010; Reay & Hinings, 2009; Thornton et al., 2012). However, it remained unclear how organizations could adhere to competing institutional logics when both are equally important to them (Raaijmakers et al., 2014). Existing studies suggest that when organizations attempt to meet disparate logics, they can face devastating conflicts and paralysis that threaten their survival (e.g., Greenwood et al., 2011; Pache & Santos, 2010; Raaijmakers et al., 2014; Thornton et al., 2012). In our study, we therefore focused on a specific type of organization that is continually

[4] A larger table that comprises quotes from all 21 cases is available upon request from the first author.

exposed to competing logics because it is characterized by: (a) two potentially competing institutions (family and firm); and (b) a context (succession) in which the dangers of heightened conflict and organizational failure are routinely faced.

We see that our study makes three major contributions. First, we contribute to the family business literature in general and the literature on institutional theory in family business in particular by identifying four different approaches to managing family and commercial logics in family firms (i.e., interwoven, selective, commercial, and detached). These approaches show how family firms differ in their responses to the different logics during periods of succession. Moreover, each of these approaches was associated with particular characteristics of two filtering mechanisms (i.e., family culture and leadership style) that regulated how strongly a family firm was influenced by the family logic. By identifying four approaches and two filtering mechanisms, we contribute to recent research on the heterogeneity of family firms (e.g., Chrisman et al., 2012; Chrisman & Patel, 2012) and advance the literature on institutional theory in family firms, which has focused on drivers of homogeneity across family firms (Leaptrott, 2005; Melin & Nordqvist, 2007; Parada, et al., 2010). We propose that family firms employing the "interwoven approach" can successfully remain family firms because the characteristics of their filtering mechanisms—a cohesive family culture and egalitarian leadership style—help them to: (a) follow a transgenerational perspective; (b) implement strict family rules; and (c) access family resources that help integrate family and commercial logics. Because firms following this approach have well-established mechanisms for managing the coexisting logics, succession raises very few tensions. In fact, it seems that succession is expected and even taken for granted, and is one way that these firms can leverage family resources in order to improve long-term competitiveness (Sirmon & Hitt, 2003; Zellweger & Nason, 2008). The interwoven approach thus extends our understanding of family firms by illustrating how responses to a family logic enable family firms to emerge "as institutions in their own right" (Kraatz & Block, 2008, p. 251), which, in turn, supports their continuity (Greenwood et al., 2011).

We propose that family firms that choose the "selective approach" can also succeed in transitioning to the next generation because they filter out a family logic when it opposes a commercial logic. A balanced family culture that supports a family logic for the family but not necessarily for the firm, combined with a consultative top-down leadership style, ensures that a family logic can but does not have to be considered in firm decision-making. Therefore, as succession nears, the associated tension between logics is dissipated when the family leader determines a particular course of action and other family members respect that decision. The selective approach shows that—beyond the common belief that families put the family first (Gómez-Mejía et al., 2007; Schulze, Lubatkin, & Dino, 2003)—some families draw clear boundaries between family and firm when needed. As such, the selective approach describes a pragmatic, flexible, and rational type of family firm that has been ignored in past research.

The "commercial approach" responds to the commercial logic and ignores the family logic, supporting the continuity of the firm, but without the continuity of family ownership and leadership. The filtering mechanisms ensure that the family logic is excluded from firm decision-making, thus avoiding potential family liabilities such as conflicts and rivalries; an authoritarian leadership style ultimately isolates ongoing family conflicts from the firm. By dismissing a family logic, the commercial approach supports the claims of Greenwood et al. (2011) and Kraatz and Block (2008) that organizational actors can override a logic that had previously been important. As the commercial approach led to the successful sale of most firms included in our study, overriding a family logic is a possible strategy for facilitating the sale of a family firm while avoiding internal rampant conflict (Niedermeyer, Jaskiewicz, & Klein, 2010).

Finally, our study suggests that family firms pursuing a "detached approach" fail to agree on how to make important decisions, thus threatening firm continuity. It is in this group of family firms that we observed the emergence of potentially unresolvable tensions between family and business logics across generations. Filtering mechanisms are used to keep the next generation's family logic out of the family firm, even though succession by the next generation is desired by the incumbent owner-manager's generation. The division and separation of the family across generations (i.e., the family culture was disjointed across generations) impedes communication (Sharma, Chrisman, & Chua, 2003), making it virtually impossible for family succession to occur. The intergenerational differences also strengthen the incumbent's reluctance to let go of the leadership position (Bennedsen, Meisner Nielsen, Pérez-González, & Wolfenzon, 2007) and his/her perceptions of being indispensable to the firm (De Massis et al., 2008). In all of these cases, the leadership style was authoritarian. The detached approach supports organizational paralysis, which results from the inability to agree on an approach to competing logics across generations, and can reduce the legitimacy of an organization and its access to resources, thereby threatening firm continuity (e.g., Raaijmakers et al., 2014).

Our second contribution to the literature is the improvement of our understanding of how family firms differ in their pursuit of a family logic and how this can affect family succession. According to our findings, a family logic encompasses the themes of "family continuity" and "family unity." Both a strong pursuit of these themes (e.g., in the interwoven approach) and a moderate one (e.g., in the selective approach) enabled successful family successions. However, when family firms pursued family continuity over family unity (e.g., in the detached approach), they were more likely to suffer intergenerational conflicts, to postpone succession, and to risk firm failure. These findings highlight the combined relevance of the themes of family continuity and family unity for family firm research in general and family succession research in particular (De Massis et al., 2008; Le Breton-Miller et al., 2004).

Our third and final contribution is showing that firms that compete in the same market and share similar features—such as family ownership and leadership—can manage the family logic differently. Our findings extend Greenwood et al.'s (2011) proposal that organizations may employ filtering mechanisms. We find that filtering mechanisms function as regulators of organizational exposure to institutional logics and suggest that *family culture* and *leadership style* are filtering mechanisms that regulate the extent to which a family logic is present and considered in family firm decision-making. These filters thus can help prevent conflict and paralysis that often occur in organizations exposed to equally important and competing institutional logics. Previous family firm research has distinguished family cultures and firm leadership styles (e.g., Dyer, 1986; Lansberg, 1983; Poza et al., 1997; Ward, 1987), speculating that these factors might be associated with how family firms pursue family and firm goals (Sorenson, 2000). However, until our study, the role these characteristics played in understanding the heterogeneity of family firm behaviors had not been analyzed in depth. Our findings suggest that the heterogeneity of family firms is influenced both by the particular organizational approach to family and commercial logics and by the nature of related filtering mechanisms, which can encompass attributes of the family (i.e., family culture) as well as those of the family firm (i.e., leadership style). Furthermore, we find that the permeability of a filtering mechanism may affect the relationship between the organizational actor and the institution in question. Family firm owners that filtered the family logic in its entirety also suffered from permanent breaks with their own families. Taken together, these findings indicate that a full understanding of how closely institutional actors are associated with institutions and how responsive they are to underlying logics, requires consideration of the role of filtering mechanisms.

Our study also offers at least two practical implications. First, for family firm owners and advisors interested in changing a firm's current approach to family and commercial logics, a good starting point would be to focus attention on family culture and firm leadership style. Without proper attention to the characteristics of these prevalent filtering mechanisms, desired changes to a current approach (e.g., changing to a focus on a commercial logic by introducing an outside board) could fail or, even worse, result in paralyzing conflicts. Second, many family firms fail in the process of succession because they are overwhelmed by conflict. Our study suggests that focusing on family continuity while neglecting family unity nurtures intergenerational conflicts and reduces the likelihood of succession to the next generation. A successful transition plan should therefore include activities aimed either at ensuring both family continuity and family unity or at reducing the desire for family continuity within the firm to facilitate the firm's sale.

OUTLOOK AND CONCLUSION

Our study comes with limitations that offer opportunities for future research. Qualitative research brings rich, detailed findings to the fore, but there are also questions about the degree to which these findings can be generalizable. Although having case studies from Germany facilitates the transferability of our findings to other parts of the Western world, future research might examine how legal or regulatory differences can affect the prevalence of particular approaches and filtering mechanisms in less developed countries. Because the legal and regulatory systems of a developed country are comparatively more effective than those of less developed countries, they can allow "more of the benefits of family control to outshine their drawbacks" (Peng & Jiang, 2010, p. 267). Different cultural views in other parts of the world, such as Asia, could also be associated with different patterns of filtering mechanisms and approaches to studied logics. Still, we believe that similar patterns will exist across countries, because tensions between family and commercial logics have been frequently observed in family firms across countries and cultures (e.g., De Massis et al., 2008; Gómez-Mejía et al., 2011).

Next, we note that family firms could be more prevalent in the wine industry than in other industries because families can generate positive financial returns from branding their firms as "family" wineries (Gault & Millau, 1994; 2009; Sirmon & Hitt, 2003; "*Namen und Werte,*" 2011), sharing intrinsic knowledge about wine-making through socialization with family members, and taking advantage of low-cost family labor (Pearson, Carr, & Shaw, 2008; Zahra, 2010). However, the emphasis on family in some wineries, while family is ignored or denounced in others, indicates heterogeneity in the field; this made the wine industry an ideal setting in which to study filtering mechanisms and approaches to family and commercial logics. Because of the variance in how family firms filtered a family logic and approached family and commercial logics, it is possible that our results generalize to other sectors. Future research is needed to test this speculation.

Finally, our study could be extended in various ways. First, our study could be extended by examining filtering mechanisms that are related to *identity*. Several studies suggest that identity and social identification can have major influences on how family firms pursue family and commercial logics (Deephouse & Jaskiewicz, 2013; Parada et al., 2010; Reay, 2009; Reay et al., 2014). Second, our work could be extended by considering more than two logics (Goodrick

& Reay, 2011; Greenwood et al., 2011; Thornton et al., 2012). We believe that future research could investigate a broader range of potentially important institutional logics. For example, during our interviews, some families mentioned that adherence to a Christian religion—one of the five societal logics identified by Friedland and Alford (1991)—was an important consideration in their decisions. Families with strong religious beliefs might be more deeply-rooted in their communities and traditions and thus more likely to pass the firm on to a family successor, who would continue to practice these beliefs. Although the scope of our study prevented us from incorporating the impact of religion into our analysis, we believe that new insights could be gained if future research considered the religion logic.

To conclude, our study shows that family firms can approach competing family and commercial logics in different ways, depending on their attention to family continuity and family unity and to mechanisms that can filter existing logics. Our findings provide an institutional logics perspective that improves our understanding of family firm heterogeneity and helps to explain why some family firms manage the succession process better than others. We hope that our insights will help family firms improve their ability to transfer the firm to the next generation, and help researchers to advance scholarly work in this regard.

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Table 1

Case Overview (2009)[1,2,3]

Case	Century winery founded	Family generation in winery	Acreage (ha)	Employees	Bottle output in (in '000)	Export (%)	What counts as family	Family predecessor	Potential successor	Interviews with >1 generation	Approach to family and commercial logics	Succession status (2011)	Core interviews	Follow-up interviews	Total interviews
4	10th	9-11	10-15	6-10	70-110	<10%	Family network	Eldest son	Eldest son	Yes	Interwoven	Secured	2	1	3
5	15th	15+	21-30	11-15	150-190	<5%	Family network	Eldest son	Eldest son	Yes	Interwoven	Secured	2	3	5
8	11th	15+	31-40	11-15	<70	<33%	Family network	Eldest son	Eldest son	Yes	Interwoven	Secured	2	4	6
15	17th	3-5	21-30	6-10	150-179	<50%	Extended family/ family network	Eldest son	Eldest son	Yes	Interwoven	Secured	2	1	3
16	20th	3-5	10-15	<6	70-109	<5%	Family network	Eldest son	Eldest son	Yes	Interwoven	Secured	2	1	3
18	18th	6-8	16-20	<6	<70	67%	Family network	Eldest son	Eldest son	No	Interwoven	Planned	1	3	4
20	18th	9-11	16-20	6-10	110-149	<45%	Extended family	Eldest son	Eldest son	Yes	Interwoven	Secured	2	0	2
6	17th	12-14	>40	>15	>190	<5%	Core family	Son	Daughter	Yes	Selective	Secured	2	8	10
9	18th	9-11	10-15	<6	<70	70%	Extended family	Son	Eld. daughter	Yes	Selective	Secured	2	3	5
11	20th	3-5	10-15	6-10	110-149	<40%	Family network	Eldest son	Eld. daughter	Yes	Selective	Secured	2	0	2
13	17th	3-5	10-15	<6	70-109	33%	Extended family	Eld. daughter	Eldest son	Yes	Selective	Secured	2	0	2
14	15th	15+	16-20	6-10	110-149	<5%	Core family	Wife of owner	Eldest son	Yes	Selective	Secured	2	0	2
2	14th	3-5	>40	>15	>190	35%	Extended family	Eld. daughter	*Missing*	No	Commercial	Planned sale	1	4	5
10	13th	6-8	16-20	6-10	110-149	<50%	Extended family	Eldest son	*Missing*	No	Commercial	Planned sale	1	2	3
17	19th	3-5	16-20	6-10	110-149	40%	Extended family	Eldest son	*Missing*	No	Commercial	Sold	1	3	4
19	19th	6-8	10-15	6-10	<70	<25%	Core family	Niece	*Missing*	No	Commercial	Sold	1	3	4
21	18th	3-5	10-15	<6	70-109	<40%	Core family	Eldest son	*Missing*	No	Commercial	Sold	2	0	2
1	17th	15+	10-15	<6	70-110	95%	Extended family	Eldest son	Eld. daughter	Yes	Detached	Postponed	2	4	6
3	20th	3-5	16-20	<6	150-190	90%	Core/ extended family	Eldest son	Eld. daughter	Yes	Detached	Postponed	2	2	4
7	18th	6-8	10-15	<6	70-110	70%	Extended family	Eldest son	Daughter	Yes	Detached	Postponed	2	0	2
12	16th	15+	16-20	<6	70-109	<40%	Extended family	Eldest son	Eldest son	Yes	Detached	Postponed	2	3	5
Mean:		11	21	7.5	135,000	40%		59 (age)	31 (age)				Total:		82

[1] Information in this table is based on archival and interview data. We use categories to disguise the identity of wineries. Eld. = eldest.

[2] Differences between the *founding century of the winery* and the *family's generation in the winery* are due to: (a) a family's takeover of an existing winery in the past; and/or (b) a family's refocus on wine-making after having done forestry, for example, for some generations.

[3] Table is grouped according to wineries' *approach to family and commercial logics* (i.e., interwoven, selective, commercial, or detached).

Table 2

Themes and Sub-Themes of a Family Logic

Quotes	Sub-Themes	Themes
"Family is the foundation of our community. I believe that the family organization in itself is also always an element of the next higher level of our society. And it remains absolutely fundamental to our society." (Case 16, older generation)	Family as Value (Upholding the family as an important institution.)	**Family Continuity** (Family endures as an institution over time.)
"I hope the winery will be continued by my eldest son, and let's hope that we can also be a living example so that his own son will succeed him in the winery one day. I think it will work out. Our family history dates back 1,000 years and our family has always been closely associated with growing wines. In a situation like this, no one dares to abandon the family tradition by not joining the family business. Family tradition is very important to my son, as well, and he takes good care of it [in the winery]." (Case 4, older generation)	Family Tradition (Continued relevance of long-term held family goals, norms, and values.)	**Family Continuity**
"For us in businesses in the agricultural field, the [support of the older family generation by the younger generation that succeeds it in the firm] still functions quite well..., the older generation is financially as well as socially secure and taken care of. ... I'm convinced that I educated my children in such a manner that they will still take care of their parents, if necessary. ... If necessary they will do it and return part of what has been invested in them now in terms of time, energy and of course money." (Case 16, older generation)	Family Seniority (Particular attention to older generation members' needs and goals.)	**Family Continuity**
"We usually meet at 7 am for breakfast at the winery because you can then already discuss different topics. But it shouldn't be topics that I have to write down because then you lose this one hour of breakfast with family." (Case 8, younger generation)	Family Time (Regular events that allow for family member interaction.)	**Family Unity** (Supports cohesion among family members.)
"It is nice to hear from our clients that they are happy that we have a successor and that they see how well I get along with him. In general, my son and I work very well together. ...My son also has a very nice partner. I like her a lot and she studies winery management. She is a good fit and we get along well. It is so important hat we are all getting along well; it is an awesome arrangement for the family and the firm." (Case 14, older generation)	Family Relationship Quality (Importance of low friction among family members.)	**Family Unity**
"I am responsible for organizing all activities that involve the whole family. … I very much keep the family together, keep a balance between all of them, so that everything works out fine in the family and in the firm." (Case 14, older generation)	Family Stewardship (Relevance of initiatves to keep the family together.)	**Family Unity**

Table 3

Themes and Sub-Themes of a Commercial Logic

Quotes	Sub-Themes	Themes
"We constructed the machinery hall, the production hall and the cooling hall 600 meters into our vineyards.... This way, the distances that we have to cover throughout the production process are much shorter." (Case 14, older generation)	Rationalization (Reorganization of operations with the goal of increasing efficiency.)	**Efficiency & Profits** (Improves the firm's financial success.)
"We can achieve cost leadership only through an industrialized process. We are talking about the differentiated value chain. Cost leadership signifies planting with an automated planter, harvesting grapes with an automated harvester, operating only on plains, and investing only 150-200 working hours per hectare." (Case 8, older generation)	Automatization (Replacement of manual labor/ processes with machine labor/ processes.)	
"With a larger business, I have a much better chance to survive.... The structure of the industry is going to change, in that smaller wineries will face larger and larger problems in order to remain profitable and so they are likely to disappear. It is a pity. In a winery town like [town name] where we have 30-40 functioning family wineries, in the end, only two to three larger ones will be able to survive." (Case 6, older generation)	Economies of Scale (Cost efficiencies due to the scale of operations.)	
"It is very important for our customers that we are a family business. They grow up with us and we with them. We have clients who have known me since I was in the stroller. These are loyal clients and we want to share with them what is happening in the family. For instance, we have just shared pictures of our son's wedding with them. It makes a huge marketing difference within the field. We have an identity. We are unique. And clients know this to be true when they see our name or label on a wine bottle or when they taste our wines: it is us. This is what defines our connection to clients. They do not get only a product, they also get a big piece of our family with every bottle of our wines." (Case 5, younger generation)	Relationship Marketing (Promotion of the firm in ways that value and strengthen the bond with its customers.)	**Market Status** (Improves the firm's position in the competition.)
"We have grown quite a bit over the last 10 years by focusing on only three types of grapes. We do not really feel that we have competitors because we decided to go our own way. Our wines can hardly be compared to others. We have our own wine types and styles, which are like a unique signature.... There are definitely many companies that have been hit much harder by the crisis [than we were]." (Case 20, younger generation)	Product Dif-ferentiation (Distinguishing products from those of competitors.)	

Table 4

Summary of Results for Filtering Mechanisms and Approaches to Family and Commercial Logics in Succession

Characteristics of filtering mechanisms		**Family logic in firm**		**Family firm approaches to family and commercial logics**	**Family firm succession outcomes**	
Family culture	*Leader-ship style*	*Family continuity*	*Family unity*	*Approaches to managing family and commercial logics*	*Succession outcome*	*Implications for firm continuity*
Cohesive	Egali-tarian	High	High	**Interwoven approach:** Integrate family and commercial logics.	Family successor	Continuity as family firm
Balanced	Consul-tative top-down	Medium	Medium	**Selective approach:** Select family logic when it does not compete with commercial logic.	Family successor (or sale)	Continuity as family firm
Conflict-laden	Authori-tarian	Low	Low	**Commercial approach:** Dismiss responses to family logic in favor of commercial logic.	Firm sale	Continuity as non-family firm
Disjointed	Authori-tarian	Medium	Low	**Detached approach:** Older generation responds to primary commercial logic, which is detached from next generation's response to own family logic.	Post-poned succes-sion	Threatened

Table 5
Exemplar Evidence for Main Results

	Filtering mechanisms		Family logic (in firm)		Succession plan/outcome	Firm continuity
	Family culture	Leadership style	Family continuity	Family unity		(1.5-2 years later)
Inter-woven approach	*"Showing tolerance towards new ideas, maintaining the whole family, building and advancing the family, getting better at what we do, improving products, and becoming better people [are the values and norms that characterize our family]. ... When I see my grandchildren and children and the ways in which they develop and advance, and how well they do, it makes me very happy."* (Case 4, older generation)	*"We can rely on each family member, ask for advice and discuss every single topic until we come to a decision. ... When problems occur, we discuss them together instead of retreating and turning inward as individuals."* (Case 4, older generation)	*"A separation between winery and family is impossible. … For me, the winery stands for a continuation of our family tradition…."* (Case 4, older generation)	*"Family means a lot to me. I feel it especially when they are not present at the firm. For instance, my wife and daughter left once for an eight-day trip…. When the family is not here, I sit around in the evenings and want to cry. I become very emotional. Spending time with my family means so much to me."* (Case 4, older generation)	*"If you ask my son how he got into the business, his answer would be similar to mine: It came the way it came. It was somehow shown to me by a living example. As a child, one was always with the parents in the business. And no one actually ever told me, 'you have to do it.' But it was natural. Because I was the only son, there were few alternatives for my parents. And with our children now, it was obvious from the beginning: the firstborn son will get the winery."* (Case 4, older generation)	**Eldest son took over firm leadership and ownership. Father still supports him.**
Selective approach	*"[The main value of our family is] that children learn to run the firm. Maybe I put too little pressure on my kids to do so. I have always given them a lot of freedom. … Maybe I wasn't always right."* (Case 6, older generation)	*"You cannot run a firm like this [top-down] if you want a family member to succeed you. ... [Still,] I am not the type of person who pushes his children hard, though I also do not allow them to make decisions about the family firm on their own. [In the end, I decide.]"* (Case 6, older generation)	*"My parents have always said that we [the children] are free to decide on the careers we want to pursue. As already mentioned, I knew as a child that I wanted to continue our family's winery. … My father said that if I studied business and wine-making, I would be able to join him in the family winery [and succeed him one day]."* (Case 6, younger generation)	*"I am very much a family person. I am attached to my kids and to my wife, with whom I have a great relationship. I think that the energy for the firm, for running the firm, comes from the family. The family has to support your role [in the firm]. When you come home from work, the family has to be harmonious and willing to talk about different [firm] topics. If you start having problems at home, then it will become very difficult to run the firm well."* (Case 6, older generation)	*"I have given each of my children [figure] % of family firm ownership. I still hold majority ownership and imagine I will hand it over to the child who will succeed me. However, it would actually be better if the successor held 100% ownership."* (Case 6, older generation)	**Daughter took over firm leadership and partial ownership.**
Commer-cial approach	*"[Family values?] For me, the job [at the winery] always came first; my husband was second. ... [With respect to my family], we are very different; I do not know much about my siblings' lives and they do not know much about mine. ... The next generation does not meet very often, either …, and when they meet, you see that they are not very close to each other."* (Case 2, older generation)	*"I run this winery on my own. It was different at some point in the past … but since 1999, I lead this firm myself."* (Case 2, older generation)	*"I think that a shared childhood and the feeling of being part of the family tied us [siblings] together. We still talk about our childhood today. ... However, I am not sure if our family will stick together and thus continue in the future. Members of the next generation no longer grow up together."* (Case 2, older generation)	*"I guess that the only thing that actually reminds us of being a family is the memory of our childhood here [before the age of nine, when we were sent off to boarding school]."* (Case 2, older generation)	*"It would be terrible if we had to sell the firm, but my father tells me all the time that this is what will happen."* (Case 2, younger generation)	**Potential sale.**
Detached approach	*"My cat is my family [interviewee laughs]. I was very influenced by the close family ties to my grandparents. I had a great relationship with them and to this day still like to remember how close we were. This closeness is something that my daughters [and I] have never experienced."* (Case 3, older generation)	*"If we cannot agree, I make the final decision in the firm. I usually set the direction the firm will go in …."* (Case 3, older generation)	*"The tradition [of family firm succession] is something you have to deal with very cautiously. It is important to me but is not a criterion for quality."* (Case 3, older generation)	*"In terms of [family unity with the elder generation], it has not been that easy, although nowadays our relationship is OK. But now we lack contact with the next generation. I do not have time for it. I cannot even maintain close contact with my sisters, so how can I do this with my cousins, etc.?"* (Case 3, older generation)	*"You work in a business, grow it, make it successful, and then you give it to a [family] heir? Although my daughter is an employee, she does not have any holdings in the firm. We would need some changes within the business before handing over even a small part of the firm to her."* (Case 3, older generation)	**The winery continues under its old owner.**

Appendix 1

Interview Guideline

A. Questions on interviewee background

1. What is your age?
2. How many children do you have?
3. What is the current generation of your winery? (1st generation = founder.)
4. How large is your winery, in hectares?
5. How many employees does the winery have? How many are family members?

B. **Questions on family business and its decision-making**

1. Please tell us about your winery and its history.
2. Please tell us about the wines you are producing.
3. How is the winery organized?
4. 4. Which types of external experts do you work with, if any (consultants, tax experts, etc.)?
5. Do you perceive your business to be a family business? Is it important for your customers that your winery is a family business? If so, why?
6. What are you responsible for in the winery?
7. What does the winery mean to you personally? What does your job give back to you?

C. **Questions on interviewee's view of the family business**

1. How did you become a winemaker?
2. What was the focus of your education?
3. Why did you choose the family business option?
4. How did you start at the winery?
5. Please tell me about the succession process by which you started at the winery.
6. Can you envision the succession process when you leave the winery?

D. **Questions on family**

1. Please tell me about your family.
2. Who are your family members?
3. What does family mean to you personally?
4. What should a family do for its members?
5. What should a family member contribute to the family?
6. Describe the ideal relationship between the core family and the next generation once the children are grown up.

E. **Questions on relationship between family and family business**

1. Work and family life are both important. How would you describe an ideal relationship between the two?
2. "To females, family is more important; to males, work is." Do you agree with this statement?
3. If you had to do it all over again, would you choose the winery this time? Why?
4. What are your goals for the future—both for you personally and for the winery?

Appendix 2

Archival Data Sources

1. *Books on wineries, wine regions, and wine rankings in Germany*	*Amount of content*	*Relevance for research project*
Eichelmann, G. (2009). *Deutschlands Weine 2010: Das unabhängige Standardwerk. 949 Weingüter und 10.081 Weine* [Wines of Germany 2010: The independent standard work. 949 wineries and 10,081 wines]. Heidelberg: Mondo; Gault & Millau. (1994). *Gault & Millau WeinGuide Deutschland 1994* [1994 Gault & Millau Wine Guide: Germany]. Munich: Christian Verlag [Munich: Christian Publishers]; Gault & Millau. (2009). *Gault & Millau WeinGuide Deutschland 2009* [2009 Gault & Millau Wine Guide: Germany]. Munich: Christian Verlag [Munich: Christian Publishers]; Johnson, H. & Brook, S. (2009). *Der große Johnson: Die Enzyklopädie der Weine, Weinbaugebiete und Weinerzeuger der Welt* [The Big Johnson: The encyclopedia of wines, wine regions, and wine producers of the world]. Gräfe und Unzer Verlag GmbH [Gräfe and Unzer Publishers Ltd.]	*4 books*	Definition of sample, field, history of field
2. *Magazines*		
Weinwirtschaft, Meininger Verlag GmbH (Years: 2004-2012; 26 issues per year; total of 234 issues); *Wein und Markt*, Fachverlag Dr. Fraund GmbH (Years: 2001-2012; 12 issues per year; total of 144 issues)	*26 articles*	Current developments in field, winery rankings, wine evaluations and prices
3. *Wine associations and organizations in Germany (accessed 2009 –2010)*		
Der Deutsche Weinbauverband (www.dwv-online.de); Verband Deutscher Weinexporteure e.V. (www.vdw-weinexport.de); Deutsches Weininstitut GmbH (www.deutscheweine.de); Deutsche Weinakademie (www.deutscheweinakademie.de); Deutsche Winzergenossenschaften (www.deutsche-winzergenossenschaften.de); Deutsche Landwirtschafts-Gesellschaft (www.wein.de); Gesellschaft für Geschichte des Weines e.V. (www.geschichte-des-weines.de); Bundesverband Ökologischer Weinbau e.V. (www.ecovin.de); Forschungsanstalt Geisenheim (www.fa-gm.de)	*20 documents*	Winery performance, growth, news
4. *Web pages of sampled family wineries (accessed in 2009–2011)*		
5. *Local, provincial, and European Government publications and statistics on family firm succession and family wineries (accessed in 2009–2011)*	*6 reports*	Problems of wineries, failure of succession in wineries